

## Message Text

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ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 EB-07 IGA-01 AID-05 OPIC-03

CIAE-00 INR-07 NSAE-00 TRSE-00 L-02 /036 W

----- 098014

R 180813Z MAR 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1715

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L BANGKOK 4447

PASS EXIMBANK AND OPIC

FOR WALTER C. SAUER, EXIMBANK

HONG KONG FOR EXIMBANK V.P. J. RAND

E.O. 11652: GDS

TAGS: ETRD, TH, US

SUBJ: SIAM KRAFT PAPER CO., LTD.

1. AT THIS POINT THE ONLY WAY IT APPEARS THAT SKPC CAN STAY OUT OF BANKRUPTCY IS IF KRUNG THAI BANK (KTB) WILL GO ALONG WITH PLAN. IN ORDER TO INFORM KTB GAINER TALKED TO PHANAT SIMASATHIAN KTB BOARD MEMBER AND COMPTROLLER GENERAL MINISTRY OF FINANCE YESTERDAY. TODAY HE, LEVE, AND GALLUP OF EMBASSY AGAIN TALKED TO KTB ACTING GENERAL MANAGER AND STAFF TO GO OVER DETAILS OF MEMO OF UNDERSTANDING, KTB PREFERRED POSITION AND RELEASE OF ASSIGNMENT. KTB BOARD MEETS AGAIN FRIDAY TO CONSIDER PLAN. IF THERE IS ANY-THING THAT CAN BE DONE BETWEEN NOW AND THEN GAINER CONSIDERS WORTHWHILE TO STAY AND TALK TO KTB AND OTHERS. THEREFORE GAINER POSTPONING DEPARTURE TO SATURDAY.

2. PROBLEM IS DIFFICULT TO COME TO GRIPS WITH SINCE KTB SEEMS INFLUENCED PARTICULARLY BY RENOO WHO APPARENTLY HAS PERSONNEL ANTI-PATHY TO BUNMA AND SKPC PROJECT COUPLED WITH FEELING THAT KTB WAS DRAGGED IN AT LAST MINUTE BY SIAM CEMENT TO ADVANTAGE OF OTHER THAI BANKS. IN TALK WITH HIM LAST FRIDAY, HE FELT SKPC SHAREHOLDERS HAD MORAL OBLIGATION TO PUT UP CASH. THERE IS NO EVIDENCE YET THAT KTB IS EVEN FOCUSING ON PREFERENCE TO KTB OFFERED  
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BY SIAM CEMENT AND OTHER CREDITORS. GAINER NEVERTHELESS URGED

THAT SIAM CEMENT MIGHT WANT TO CONSIDER 30-30 SPLIT INSTEAD OF 20-40 TO FURTHER INDUCE KTB. BUNMA SUGGESTS 30-40 SPLIT ONLY IF TOTAL PREFERENCE INCREASED FROM 60-70, BUT THERE WOULD STILL ONLY BE 50 MILLION CASH RELEASED. THAI BANKS OPPOSED TO GOING ABOVE 60 MILLION TOTAL PREFERENCE. LEVE THINKS THAT NEITHER THE ASSIGNMENT OF KTB OR PLEDGE OF SIAM CEMENT WOULD HOLD UP IN BANKRUPTCY.

3. EXERCISE FOR NEXT FEW DAYS WILL BE TRYING TO GET DOCUMENTS IN ORDER FOR SIGNING BOTH TO GIVE KTB COMPLETE PICTURE OF PLAN AND TO HAVE DOCUMENTS READY IF KTB APPROVED ON FRIDAY. IF KTB DOES NOT APPROVE OR FURTHER DELAYS DECISION ON FRIDAY, POSSIBILITY OF AVOIDING BANKRUPTCY VERY SLIM. HOWEVER, WILL FURTHER EXPLORE ALTERNATIVES WITH SIAM CEMENT AND OTHER CREDITORS.  
MASTERS

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